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ABSTRACT

A study compared the decision making process of large and small advertising agencies to determine if the size of the agency, in terms of gross annual billing, had any effect on adherence to the rules set forth in the American Association of Advertising's Standards of Practice. Forty agency employees, 20 from agencies with billings less than $2.5 million, registered degrees of agreement with four statements regarding ethical rule following in five types of relationships: (1) client-agency, (2) practitioner-agency, (3) practitioner-client, (4) practitioner-consumer, and (5) agency-agency. In addition, each answered four questions about general ethics. Analysis indicated that size of agency was not a determining factor in decision making. Specifically, the results showed that the subjects viewed their personal ethics to follow rule utilitarian lines, or the concept of making decisions based on rule following. In addition, subjects conceptualized rule following to be more important in the area of interacting with "close-at-hand" business and social associates than with the "far away" consumer. Males tended to be stronger rule followers than females. (FL)

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ADVERTISING PRACTITIONER'S ETHICAL DECISION-MAKING THE UTILITARIAN VIEWPOINT

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ABSTRACT

Scope and Method of Study: This study compared the decision-making process of large and small advertising agencies to determine if the size of the agency, in terms of gross annual billing, had any effect on following the rules as outlined by the American Association of Advertising Agencies. Forty agency employees, twenty from agencies whose gross billing exceeded $2.5 million per year and twenty from agencies whose gross billing was less than $2.5 million per year, registered degrees of agreement to four statements regarding ethical rule-following in five types of relationships: (1) Client-Agency, (2) Practition-Agency, (3) Practitioner-Client, (4) Practitioner-Consumer and(5) Agency-Agency. These statements pertained to rules outlined by the American Association of Advertising Agencies' Standards of Practice. Also, participants responded to four statements on General Ethics. Each participant was asked to respond as he perceived the "average" practitioner would respond. Each statement was accompanied by a five point Likert scale running from "strongly agree" to "strongly disagree."

Findings and Conclusions: Analysis indicated that the individuals view their personal ethics to follow the lines of the rule utilitarian. This area proved to be the strongest of the study. The weakest proved to be the lack of regard for rule-following as it pertains to the interaction of various relationships with the consumer. Apparently, rule-following is conceptualized to be much more important in the business of interacting with "close-at-hand" business and social associations, or the profit motive, rather than the "faceless" far-away receiver of the advertising messages, the consumer. There is no basis for believing the size of the agency is a determining factor in decision making. Analysis did provide an interesting insight into the matter of the sex of the practitioner. Males tend to be stronger rule-followers, or Rule Utilitarians, while females are much more apt to make decisions based on the philosophy of the Act Utilitarian.

ADVERTISING PRACTITIONER'S ETHICAL DECISION-MAKING THE UTILITARIAN VIEWPOINT

INTRODUCTION

If one is to define the advertising agency as a business, the success of the agency would be measured by such things as the number of accounts, annual billing, operating expenses and profitability. Therefore, the ultimate measure of success, as a business, would be the profitability of the over-all operation.

However, if one is to define the agency as a profession, one must use an entirely different measuring devise. This devise would scrutinize the activity and motivations of the practitioner. One would have to take into account the client's point of view in asking, "How much product was sold due to the advertising effort?" One would have to consider the consumer or the end user of the product. Was he motivated to purchase after seeing the advertisement? And possible, most important, was the consumer's need, desire and expectation fulfilled by the product he purchased?

Levi writes that the aim of business is profit; the aim of a profession is the performance of a service. The true businessman keeps his eye on the profits; the true professional keeps his eye on the activity. (6:80)

This concept presents out an interesting ethical point which must be considered. Is the purpose of the advertising agency to make money or to create advertising?

PURPOSE OF THE STUDY

The purpose of this study was to investigate the ethical decision-making process as it occurs within an advertising agency, as it interacts in the relationships set forth below:

1. The client (the seller) and the agency (the communicator)
2. The practitioner (the account executive) and the client (the seller's advertising manager)

3. The practitioner (the employee) and the agency (the employer)
4. The practitioner (the message source) and the consumer (the message receiver`
5. The agency and the agency (competitors)

THE HYPOTHESIS

There is no significant relationship between the agency size and following rules of the Standards of Practice of the American Association of Advertising Agencies.

RELATIONSHIPS DEFINED

The Client/Agency Relationship

The client is in the business of manufacturing, distributing and marketing its products. He should have expertise in these areas. He probably lacks expertise in communication; therefore, a relationship is formed with an advertising agency. The client's expectations are twofold. First, the agency must project a positive image of the client and secondly, must expose the product in a most favorable, persuasive and creative manner to the greatest number of prospective purchasers within the confines of the client's budget. (10:10)

An advertising agency is a service business comprising talented, creative people skilled in the art of communications. Its product consists of creative ideas and concepts designed to increase the sales of the client's product. The agency survives and grows on its ability to create ideas and convince its clients to buy them. The agency is compensated by a percentage of the total billing placed through its office. Hence, the more the agency spends, the more the agency's coffers grow.

In every sense, the agency/client relationship is a partnership. (11:80) This partnership is profit oriented. The mutuality of the profit motive results in a relationship Deutsch calls "promotive interdependence." (3:14) Promotive interdependence exists when two groups (the agency and the client) are interdependent with respect to a goal (profit) to the degree that the attainment of the goal by the one group is directly related to the attainment of the goal by the other group.

The Practiioner/Client Relationship

The practitioner, or account executive is an employee of the advertising agency and acts as the agency representative in all contacts with the client. He attends marketing and advertising meetings with the client where he receives product and sales information. He submits the agency's recommendations to the client. He is responsible to the agency and, by necessity, must be considered as a profit source by the agency. He is also responsible to the client for advising, consulting and producing the best possible advertising which result in greater sales for the client.

The client is usually represented by its employee, the advertising manager. This individual is also a seasoned communicator but with a very specialized background in the client's particular business. His responsibilities are usually quite detailed and time consuming. Considering this work load, an outside group, the advertising agency, usually handles media studies, creativity and the production and placement of the advertisements. (11:38,40)

The Practitioner/Agency Relationship

The third relationship studied was that of the practitioner, the employee and the advertsing agency, the employer. In his writing of social systems, Berlo stated:

> For any given role (within a social system) there is a set of behaviors that must be performed by anyone occupying that role position. There are also a set of behaviors that must not be performed. (3:79)

The advertising agency is a social system. One of the first tasks for any agency employee is to learn what set of behaviors he must perform and what behaviors he must avoid. Is his first obligation to the agency (as a profit source) or is his first obligation to the client and the activity of producing good advertising for the client? It must be remembered that the purpose of an advertising agency, as a business, is to produce and sell advertising to clients which will be profitable to the agency. Therefore, the profit expectations of the employer, the agency owner, may have a great deal to do with the practitioner's behavior and his relationship with the client.

The Practitioner/Consumer Relationship

The fourth relationship was that of the practitioner, the message source and the consumer, the message receiver. A major ethical consideration the practitioner must face is the manner in which he structures his messages. It is relatively easy to stay within the legal limits of the law as messages are structured. However, there are practitioners who would use the guise of "creativity" to structure messages in such a way as to mislead, omit and distort facts. (10:29)

The consumer may be becoming more sophisticated as he perceives the advertising message. However, his emotions can and often do increase his gullibility. He tends to want to believe what he reads. The practitioner's ethics are therefore put to a real test as he attempts to write persuasive copy, yet maintain the integrity of the relationship.

The Agency/Agency Relationship

In addition to being highly profitable, the agency business is extremely competitive. No agency ever has enough accounts. Most have an on-going "new business" effort that is continually ferreting out new business prospects.

The economic environment of this country demands competitiveness, but an over-enthusiastic or dishonest approach may sometimes create an ethical problem.

ETHICAL PHILOSOPHIES

People make decisions to act, or to refuse to act, based on their own moral convictions as to the correctness of the act. This is referred to as the individual's moral framework or code of ethics. Ethics can hardly be defined. It is personal, subcultural and/or a religious matter. The most important point is that all varying concepts of morality hold one principle. Despite their differences, all generally share a set of rules, an ethical code. The main function of the code, whatever its specific context, is to civilize life; to make members of society treat others the way they wish others would treat them -- as persons, not as objects or instruments. While this ideal is never fully attained, it is advanced by the formulation of rules of conduct which define do's and don'ts, which tell people what is considered "fair" or "right" and what is not. (7:11)

A normative theory of ethics gives each individual an authoritative standard or principle of right action which guides, controls and regulates proper and acceptable behavior.

This moral framework is used to gain certainty in an uncertain world. People need to assure themselves that their decisions are justifiably sound. As people refer to their codes in dealing with what they perceive to be either good or bad, right or wrong, they are able to make decisions based on moral duty or value and obligation. (1:131)

This study addressed the theory of Utilitarianism and how this philosophy is used in advertising agency decision-making. Utilitariansim holds that man is obligated to do what promotes good and/or avoids evil for everyone -- not

just for himself. The central utilitarian doctrine is to do what ever has the most utility for everyone; this utility is defined as the net balance of good over evil. (5:7) Piest defines the theory by writing:

> ...the happiness which forms the utilitarian standard of what is right in conduct is not the agent's own happiness but that of all concerned. In the golden rule of Jesus of Nazareth, we read the complete spirit of ethics of utility, 'To do as you would be done by,' and 'to love your neighbor as yourself,' constitute the ideal perfection of utilitarian morality. (7:18)

Bayles, in his discussion of Utilitarianism, asks how one determines the utility of an action. In other words, how should what a person does relate to achieving intrinsic good for everyone?

In an attempt to answer this question, philosophers have introduced two approaches to the utilitarian decision-making framework, ---act and rule utilitarianism. Smart defined these two versions.

> Act Utilitarianism is the view that the rightness or wrongness of an action is to be judged by the consequences, good or bad, of the action itself.
>
> Rule Utilitarianism is the view that the rightness or wrongness of an action is to be judged by the goodness or badness of the consequences of a rule that everyone should perform the action in like circumstances. (9:9)

PREVIOUS STUDIES

A work recently published by Rotzoll and Christins concluded that advertising agencies provide a natural laboratory for the study of act and rule utilitariansim. Their study was designed to avoid what Mills calls "abstract empiricism." Due to the lack of definitional clarity over ethical terms and the complexity of moral decision-making, they elected to avoid rigid and confining methodologies. (8:425-431) In contrast, this study was a systematic, controlled, empirical investigation of selected advertising agencies and randomly selected advertising practitioners.

METHOD AND PROCEDURE

In 1971, the advertising industry attempted to regulate itself by forming the American Association of Advertising Agencies. The association adopted its Standards of Practice in October, 1924, and revised them in 1962. This investigation centered on the 4-A's Standards of Practice. It sought to determine how these "rules" interact with the various relationships previously defined.

A supplement area studied was that of the general ethics of the individual respondents. General ethics are very much a part of one's business ethics.

There was no desire or intent to question the morals or ethics of the individual respondents, but merely to study the ethical decision-making process as it takes place in the advertising agency environment.

COLLECTION OF DATA

The Oklahoma City market was used as the universe for this study. Two main areas were investigated. The first was to determine if the size of the agency, measured in gross billing, had any bearing on the decision-making process. Agencies whose gross billing exceeded 2.5 million per year were regarded as large agencies. Those with billings below 2.5 million were considered small agencies. The second area was to determine what degree the practitioners followed the rules as outlined by the American Association of Advertising Agencies. Did the practitioners follow the precepts of Rule Utilitarianism more or less frequently than precepts of the Act Utilitarian? There were twenty respondents representing the attitudes of large agencies and twenty respondents representing small agencies.

ANALYSIS OF DATA

Twenty-four "rule-following" agreement scores were registered by forty respondents -- twenty from large agencies and twenty from small agencies. Gross billing of the selected agencies ranged from $750,000 to $14 million per year.

The author examined each respondent's agreement scores as they pertained to following or abiding by, the rules of practice outlined by the American Association of Advertising Agencies' Standards of Practice.

Each respondent registered the perceived "average practitioner's degree of agreement with four statements bearing on each of five types of relationships in advertising agency encounters. (Hereafter, the author will use the term "mean agreement." The reader should keep in mind, however, that responses were actually "mean perceived agreement by the average practitioner.") Each registered his agreement on a five-point scale running from "strongly agree" to "strongly disagree." The five types of relationships were: (1) Client/Agency, (2) Practitioner/Client, (3) Practitioner/Agency, (4) Practitioner/Consumer, and (5) Agency/Agency. Data was also gathered from statements dealing with the area of general ethics of the respondent.

With replies from 40 persons on four statements comporting to five types of relationships, plus General Ethics, the author tabulated 960 responses. As for the analysis, per se, mean differences were observed in ethical rule-following among the six types of relationships. Additionally, mean rule-following between large and small agency respondents was compared. Finally, the author determined whether the mean rule-following of large and small agencies was related to particular types of agency relationships.

Differences in Ethical Rule Following: Agency Size and Type of Relationship

Overall, size of agency for which the respondent worked was unrelated to mean agreement on ethical behavior regarding the 4-A rules and general ethics ($F = .64$, $df = 1/38$, $p > .05$). Mean perceived agreement by large and small agency personnel were 3.67 and 3.57, respectively. These scores registered between moderate concern and agreement with rule-following. However, these overall mean agreements did not hold up on each and every type of relationship, as pointed out later.

When size of agency was disregarded, respondents did vary in mean perceived agreement to follow rules in different types of relationships ($F = 15.91$, $df = f/190$, $p < .01$). Although the amount of variation explained by different relationships was moderate (22%), post hoc difference-between-means tests showed that most types of relationships elicited a higher mean degree of ethical behavior than at least one other type. Mean agreements to follow ethical rules in each type of relationship are shown in Table I.

TABLE I

MEAN ETHICAL RULE-FOLLOWING AGREEMENT SCORES ON GENERAL ETHICS AND FIVE TYPES OF AGENCY RELATIONSHIPS

Types of Relationships	Mean Agreements
General Ethics	4.17
Practitioner-Agency	4.02
Agency-Client	3.78
Agency-Agency	3.52
Practitioner-Client	3.31
Practitioner-Consumer	2.95
Mean Total	3.62

With a critical mean difference of .29, $p < .05$, one can determine from Table I that the mean agreement of 4.17, to follow the rules on General Ethics, was significantly greater than agreement to follow rules in the Agency-Agency, Practitioner-Consumer, Practitioner-Client and Agency-Client relationships. Respondents, however, were just as willing to follow rules of ethics regarding relationships within their own agencies as in their personal lives (4.02 and 4.17, respectively, $p < .05$).

Following the rules was more the case within one's own agency than in relationships with other agencies or with consumers or clients (4.02 v. 3.52, 2.95 and 3.31, respectively). Ethical behavior within one's agency was represented by a tendency to agree that ethics were more important than survival and office politics. Intra-agency ethics also meant always striving to improve one's product through constructive criticism of each other's work.

Mean agreement to follow rules in the agency's relationship with clients (3.78) exceeded only that of the Practitioner-Client and Practitioner-Consumer relationship. What this indicates, in essence, is that respondents tended to disagree that the agency must make a profit at all costs.

In the agency's relationship with other agencies, respondents felt that rule-following was more important than only one other relationship -- that between Practitioner and Consumer (3.52 v. 2.95, respectively). Apparently, respondents felt ethical business practice with regard to competitors ranked only above the importance of ethics with regard to the consumer. They did feel, however, that ethics regarding competitors were no more important than those in the Practitioner-Client and Agency-Client relationships.

Rule-following in the Practitioner-Client relationship also was deemed to be more important than the Practitioner-Consumer relationship. This simply says that serving the client's best interest, as far as the individual practitioner is concerned, is more important than honesty in advertising. But serving the client's interest is less important than ethical behavior in other relationships, except practices with regard to competing agencies.

Interaction: Types of Relationship and Agency Size

Following the rules of ethics in various types of relationships varied in some instances by agency size ($F = 3.49$, $df = 5/190$, $p < .01$). Though these interactive effects accounted for only 4.7 percent of variation among respondents, it was clear that large and small agency ethics probably would be more evident in some relationships than others.

In large agencies, for example, respondents agreed to follow rules more in the Practitioner-Client than in Practitioner-Consumer relationships, as shown in Table II (3.48 v. 3.05). Also, the large agency respondents scored higher on General Ethics than in their Client-Agency dealings.

TABLE II

MEAN ETHICS RULE FOLLOWING AGREEMENT SCORES
OF LARGE AND SMALL AGENCY RESPONDENTS ON
FIVE TYPES OF RELATIONSHIPS

Types of Relationships	Mean Agreements	
	Large Agencies	Small Agencies
Practitioner-Consumer	3.05*	2.84
Practitioner-Client	3.48*	3.13*
Agency-Client	3.76**	3.79*
General Ethics	4.28*	4.05

Note: Two single or double asterisks running vertically and successively denote a significant difference between the mean agreement scores (critical difference = .42, $p > .05$).

Small agency respondents differed from large agency respondents, in that more rule following was agreed to in Agency-Client than Practitioner-Client relations (3.79 v. 3.13).

The differences and interactions outlined above show that rule-following by the average practitioner, as perceived by the respondents, varied according to type of relationship which, in turn, was related to size of agency in which the respondents worked.

The Chi^2 analysis, although not considered to be totally reliable, does serve as an indicator. Two Chi^2 analyses were performed on elements of the demographic information section of the survey instrument.

The first to be discussed is the demographic element of sex. The respondents were comprised of twenty-two males and eighteen females. The overall mean attitude on a five point scale was 3.62. Using this mean as the dividing point between high and low attitudes, the resulting analysis indicated a significant difference in the manner in which males and females perceive rule-following.

It appears that male advertising practitioners tend to follow much closer the concept of rule-following in their decision-making process than females. To determine the magnitude of this difference, a C-coefficient ratio was accomplished. It indicated a moderately high relationship of .71. Based on the limited information obtained from this study, it may well be that sex does play an important role in the rule-following concepts in the advertising agency.

The second Chi^2 analysis was performed on the demographic element of the Perceived Childhood Environment. The respondents were asked to select one of four concepts that best served to describe the manner in which they perceived they were raised as children: very strict, somewhat strict, somewhat permissive and very permissive. The two strict attitudes were combined as were the two permissive, to form two attitudes: strict and permissive. The same overall mean attitude of 3.62 was used to divide the high and low scores. The results of this analysis indicated no significant difference to be apparent. A C-coefficient analysis was performed which indicated an extremely weak relationship of .011. Therefore, no conclusions can be drawn from this study which would indicate any relationship between perceived childhood environment and rule-following.

SUMMARY AND CONCLUSION

It would appear that individuals, as they view their personal life concepts, fashion themselves to be strongly aligned with the philosophy of the rule-utilitarian, that is, the concept of making decisions based on rule following. In the general ethics element of this study, items were used to delineate a few personal concepts or rules of what is considered to be following or not following certain rules which would be accepted as right by most of the people, most of the time. Results indicated a strong desire on the part of the respondents to follow rules they perceive to be correct or just.

In four areas, this personal concept was ranked highly important. It proved to be more important than (1) the business relationship between the practitioner and the client's advertising manager, (3) stronger than their responsibility toward the consumer and lastly, more important than the manner in which they perceived their position within the competitive business environment. This could possibly be interpreted to indicate a strong ego on the part of the practitioner which may well be found in most individuals.

The next interesting point for discussion was the apparent lack of regard for rule-following as it interacts with the responsibility toward the consumer. The consumer is regarded less important than (1) the business relationship between the client and the practitioner's employer, the agency, (2) less important than the practitioner's relationship with the client's advertising manger, (3) less important that his position as an employee of the agency, and (4) less important than decisions that are made concerning the competitive business environment. Apparently, rule-following is conceptualized to be much more important in interacting with "close at hand" business and social association, or the profit motive, than with the "faceless" far-away receiver of advertising messages, the consumers. In light of such criticism directed toward the advertising business, i.e., advertising adds to the costs of products and advertising causes people to buy products they do not need, (4:495) it may well be more intensive study is needed in this area.

The practitioner apparently feels a strong need to be a rule-follower in his relationship as an employee. It could be viewed as a personal desire to conform to office rules and norms and thereby attain "success" or to be recognized as a "good" employee. This attitude was more important than the relationship between the practitioner and the client's advertising manager. It may well be that this also indicates a strong loyalty to the employer as opposed to the practitioner's attitudes concerning competitive advertising agencies.

The practitioner indicates a stronger desire to be a rule follower as he perceives the overall business commitment of his agency compared to his personal commitment to the client's advertising manager, i.e., maintaining the account, as a profit source, may well be more important than the relationship with the client's advertising manager.

It must be remembered that this study encompassed a very small universe. The conclusions to follow can serve only as indicators for future studies. It must be reiterated that in no manner does this study desire or intend to question the morals or ethics of the advertising practitioner or the advertising industry. It was designed, simply, to exam to what degree rule-following or the concept of rule utilitarianism in the advertising business and if the size of agencies makes a difference in the decision-making process.

The overall null hypothesis proved positive. There is no difference in rule-following exhibited during the decision-making process as viewed by large and small agencies. It is interesting to note the degree of influence the profit motive exerts on the advertising business in the area of decision-making. The advertising agency business, as viewed by this limited universe, apparently is strongly committed to the profit motive. However, in doing so, there is a predominance of rule-following or rule utilitarian philosophy followed.

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